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DISTRIBUTION OF DOLLAR PAID FOR SUNKIST ORANGES

Data relative to the division of the consumer's dollar when paid for oranges and lemons, have been compiled by the California Fruit Growers Exchange, Los Angeles, for the twelve years, 1913-25. Prices paid by consumers have been collected through the district sales managers of the Exchange¹ in 45 representative cities. Wholesale and carlot prices, on the same brands for which retail prices were secured, were noted and the products traced back to the producers.

The following table has been prepared from material recently published by the Exchange:

	: 1913-23	: 1919-24	: 1923-24	: 1924-25
	: Ten-year	: Five-year	: One year	: One year
	: average	: average	:	:
Paid by consumer	: \$6.30	: \$7.95	: \$6.82	: \$8.81
	: 100%	: 100%	: 100%	: 100%

Percentage distribution of consumer's dollar

	:	:	:	:
Retailer	: 26.2	: 26.7	: 29.0	: 25.4
Jobber	: 8.3	: 8.1	: 8.1	: 7.5
Transportation	: 17.1	: 18.3	: 19.6	: 15.1
Selling / _a	: 1.1	: 1.4	: 1.6	: 1.4
Picking, hauling, packing:	: 6.8	: 10.2	: 11.3	: 8.8
Fruit on tree	: 38.5	: 35.3	: 30.4	: 41.8

/_a Including advertising

It will be noted by the figures that the percentages of the consumer's dollar retained by the retailer, the jobber, and the transportation companies show a tendency to vary inversely with the selling price.

In commenting on the data the management of the Exchange says: "A more standardized product and increased consumption due to Sunkist advertising, have done much to make the citrus business a desirable one for the trade. Lower transportation rates and increased efficiency in production, harvesting and packing, as a means by which growers' returns may be increased, are receiving constant attention."

JERSEY FARMERS BUY SUPPLIES AND SELL PRODUCE

Potatoes and tomatoes are sold for its members by the South Jersey Farmers' Exchange, Woodstown, N. J., and many lines of supplies are purchased, including feed, fertilizer, coal, lime, and baskets. Since it began business in 1909 the Exchange has transacted a large business each year, a part of which is shown in the following table:

Year :	Potatoes:	Tomatoes:	Seed :	Fer- :	Feed :	Lime :	Baskets
:	:	:	potatoes:	tilizer :	:	:	:
:	(Cars) :	(Cars) :	(Sacks) :	(Tons) :	(Tons) :	(Tons) :	:
1909 :	945 :	--- :	2,490 :	----- :	--- :	--- :	16,820
1910 :	969 :	--- :	8,274 :	2,760 :	897 :	175 :	24,145
1911 :	987 :	--- :	14,986 :	4,744 :	2,860 :	519 :	32,600
1912 :	896 :	--- :	15,804 :	5,300 :	3,900 :	560 :	39,454
1913 :	722 :	--- :	20,166 :	6,625 :	4,910 :	751 :	26,800
1914 :	799 :	--- :	15,474 :	7,666 :	5,642 :	618 :	38,025
1915 :	1,078 :	--- :	11,097 :	8,164 :	6,554 :	1,034 :	44,965
1916 :	907 :	--- :	12,748 :	7,907 :	8,333 :	1,241 :	87,515
1917 :	780 :	102 :	5,757 :	10,680 :	8,932 :	1,889 :	83,855
1918 :	356 :	67 :	1,476 :	10,337 :	8,923 :	2,110 :	88,540
1919 :	527 :	69 :	2,519 :	7,926 :	11,495 :	1,557 :	53,315
1920 :	963 :	149 :	4,688 :	10,412 :	11,594 :	1,146 :	79,520
1921 :	845 :	263 :	10,586 :	9,556 :	12,550 :	950 :	141,000
1922 :	1,288 :	436 :	4,500 :	10,975 :	10,869 :	883 :	79,839
1923 :	443 :	164 :	6,120 :	11,495 :	11,743 :	792 :	74,434
1924 :	769 :	210 :	5,500 :	9,589 :	10,920 :	750 :	56,072
1925 :	145 :	232 :	9,621 :	12,200 :	9,946 :	1,225 :	55,357

Sales of supplies not listed above, such as insecticides, cement, twine, and crates, average \$50,000 a year.

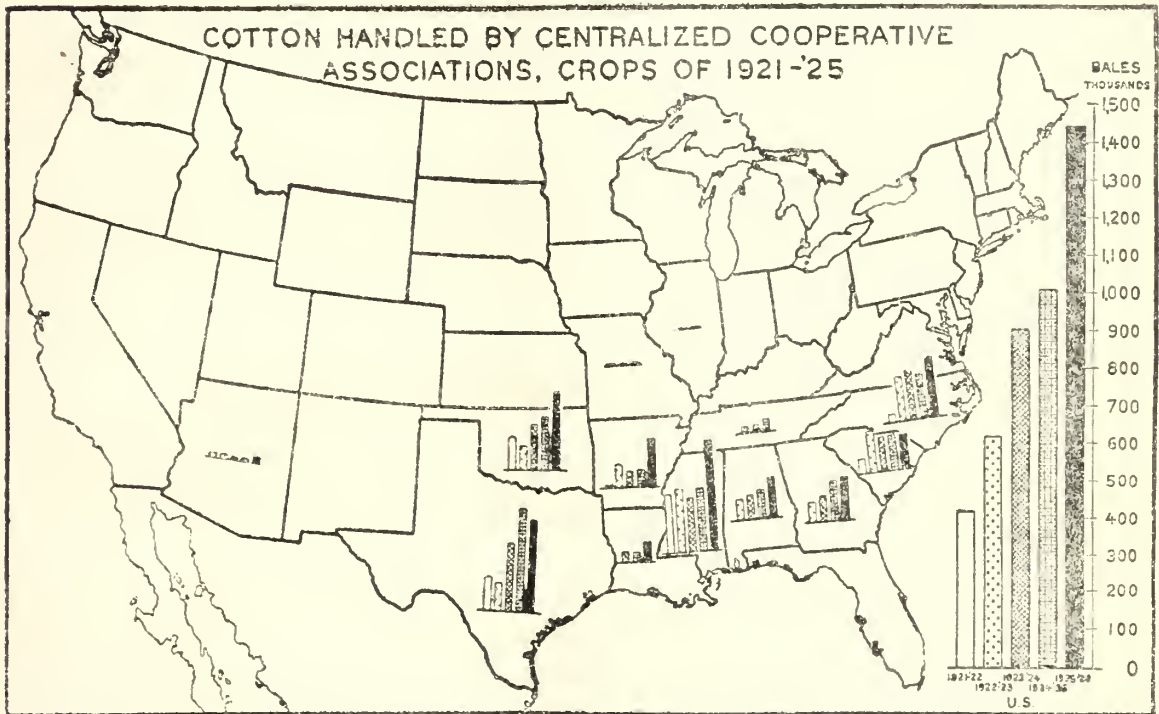
The potato crop in South Jersey in 1925 was practically a failure, resulting in the lightest yield and the lightest shipments for many years. More fertilizer was handled by the Exchange than ever before and there was also an increase in lime, grass seed, and seed potatoes handled.

The Exchange with nearly 800 member stockholders is serving about twice that number of farmers.

At the end of 1925 the Exchange had capital stock outstanding to the amount of \$250,000 and a surplus of \$74,264. The land, buildings and equipment were valued at \$99,271.

A statement of the dividend account shows that the first year there was a loss and for the first eight years no dividends were paid; the next three years, 1917-19, dividends amounted to \$8,615, or an average of \$2,871 per year; during the six years, 1920-25, dividends amounted to \$37,500, or an average of \$11,250. A 100 per cent stock dividend was declared in 1907 and another in 1922, and the present book value of the capital stock is \$6.48 per share of \$5 par value.

(Other information regarding this organization may be found in Agricultural Cooperation, March 10, 1924, p. 79; and Feb. 16, 1925, p. 67.)

FIVE YEARS OF COOPERATIVE COTTON MARKETING

During the past five years more than 4,500,000 bales of cotton have been marketed by 16 large-scale cooperative associations set up in 14 states.

Four associations began operating in the late summer or early fall of 1921, 9 associations began operating by the fall of 1922, 14 by the fall of 1923, and 16 associations assisted in the marketing of the 1924 and 1925 crops.

Approximately 417,000 bales of the 1921 crop, 710,000 bales of the 1922 crop, 903,000 bales of the 1923 crop, 1,102,700 bales of the 1924 crop, and 1,488,000 bales of the 1925 crop, were marketed cooperatively.

The percentages which these quantities were of the total crops for the several years were approximately as follows: 1921-22, 5.2 per cent; 1922-23, 7.4 per cent; 1923-24, 8.9 per cent; 1924-25, 8.4 per cent; 1925-26, 9.3 per cent.

In most of the states the number of bales marketed cooperatively has increased steadily year by year.

SEVEN-YEAR CONTRACT FOR MISSISSIPPI COTTON GROWERS

A new form of contract prepared by the Mississippi Farm Bureau Cotton Association, Jackson, has been approved and is being submitted to the members in a campaign which began May 15 at five points. Previous to the beginning of the sign-up campaign ten district conferences were held at which the agreement was outlined to group leaders and interested members. At all these meetings unanimous approval of the new agreement was expressed.

This contract covers the years 1926 to 1932, inclusive. One of its features is a privilege of withdrawing from the association at a fixed time each year. Another important change is a provision for establishing monthly or semi-monthly pools in addition to the seasonal pools.

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REASONS WHY MEMBERS JOINED THE TEXAS COTTON ASSOCIATION

A special report prepared by the Texas Farm Bureau Cotton Association, Dallas, covers some of the facts brought out by a recent survey by the management as to why growers joined the association. The purpose of the study was stated as follows:

1. To find out what feature of our program appeals most to members who have recently signed the contract.
2. To enable those who are coming into contact with members and prospective members to have the viewpoint of the member or prospective member....
3. To know the basis on which our field men are selling the propositions.
4. To find out whether the member is interested in the technical operations of the association, or the service, in the abstract, that is rendered him by the association.
5. To get our whole program before the members.

In making the survey a list of 20 possible reasons for joining the association was prepared and mailed to some 800 members, new and old, who had signed the new contract, with the request that they check the three which appealed to them most strongly, indicating the order of importance. When 311 answers had been received the results were summarized. The reason which received the largest number of votes was, "To gain my independence and eliminate the embarrassment of having to ask, 'What will you give me for my cotton?'" One hundred twelve members voted for this, 51 giving it first place. Next in order of popularity with 105 votes was, "To have my cotton graded and sold according to its actual value, as to grade, staple, color, character and luster." "To sell my cotton direct to consumers of cotton," appealed to 62. "To improve conditions in my home and the homes of my neighbors," received 48 votes, and "The influence of the cooperative marketing movement on the generally increased level of prices," received 43.

LOUISIANA COTTON ASSOCIATION ISSUES THIRD ANNUAL REPORT

Advances along several lines are indicated by the third annual report of the secretary of the Louisiana Farm Bureau Cotton Association, Shreveport, La. There was a large increase in the quantity of cotton handled; the number of members delivering was substantially larger; and this gain was reflected in percentage of delivery to production, and also in percentage of delivery to membership. The increased volume of work was handled with a smaller force of office employees, and the per bale expense was materially reduced.

An analysis of the work of the Field Service Division shows that deliveries for the season aggregated 51,179 bales, compared with 26,535 last year, or 5.6 per cent of the state's production for 1925-26 and 5.3 per cent for 1924-25. Three thousand eight hundred twenty-three members delivered 1925 cotton, compared with 2,728 the previous season. This was 52 per cent of the total membership this year and 47.8 per cent last year. From some important cotton producing parishes less than 2 per cent of the cotton passed through the hands of the association, while from others 16 to 17 per cent was received. In some parishes less than 25 per cent of the signed members delivered their cotton, while in Grant Parish 87.6 per cent of the membership sold through the association.

The 1925 cotton was received by the association in 12,727 shipments, against which 4,952 checks were issued.

To finance the handling of this cotton the association borrowed a total of \$3,470,525, or \$67.81 per bale, compared with a sum amounting to \$71.11 per bale last year. In addition to borrowing from the banks, the management points with pride to the fact that it borrowed from its own members, in the nature of its demand notes in lieu of cash advances, the sum of \$836,217. Interest paid thus far averages \$0.88 per bale, while last year \$1.06 per bale was paid for interest. Exclusive of \$113,000, borrowed on demand at 6 per cent and retired in from 6 to 17 days, the interest rate for the year has averaged 4.66 per cent. All funds borrowed have been repaid with the exception of \$500,000.

Overhead expenses incurred thus far this year have amounted to \$65,223. Translated into terms of baleage this means \$1.27, while last year the expense per bale was \$2.28.

The report of the traffic department shows claims for overcharges filed against railroads totalling \$11,321, of which \$8,941 has already been collected. Claims for damaged cotton have been collected in part, and work for reduction of freight rates has been carried on.

During the past year the membership was increased by 604 and now stands at 7,326.

NEW ZEALAND COOPERATIVE EXPORTS FROZEN PIGS

Fourteen dairy companies in New Zealand have formed the North Island Dairy Companies' Pig Cooperative in order to take advantage of the demand in England for frozen pigs for bacon curing. According to a consular report from Wellington, pig raising is likely to become one of the primary industries of the country, providing the problem of furnishing a regular supply to the English market can be worked out, and it is for the purpose of insuring a dependable supply that the cooperative has been created.

It is reported that the plan adopted by the new organization contemplates that producers deliver pigs under their own brands to the association which will have them slaughtered in the municipal abattoirs. The executive committee of the cooperative will determine which carcasses will be marketed locally and which exported. The work of weighing and grading at the abattoirs is done by Government inspectors.

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RECEIPTS OF LIVESTOCK FROM COOPERATIVES INCREASING AT CHICAGO

Shipments from cooperative livestock shipping associations seem to be increasing at Union Stock Yards, Chicago. Data compiled by the Chicago office of the livestock division of the Bureau of Agricultural Economics show that the number of car loads of livestock received from cooperative enterprises increased from 18.2 per cent of the total receipts at the yard for 1923 to 21.6 per cent for 1925. The percentages of total receipts for the different kinds of animals for the three years 1923, 1924 and 1925 are as follows:

Year	: Cattle	: Hogs	: Sheep	: All livestock
1923	: 5.1	: 23.2	: 4.6	: 18.2
1924	: 6.1	: 32.8	: 4.3	: 20.9
1925	: 6.9	: 33.6	: 5.2	: 21.6

Nearly sixty per cent of the total number of car loads received at the Chicago market as cooperative shipments came from points in Iowa; approximately thirty per cent came from Illinois points, 5.7 per cent from Wisconsin points and the remainder from all other states.

FOUR YEARS OF COOPERATIVE LIVESTOCK SALES AT TERMINAL MARKETS

Thirteen sales agencies, established by the National Livestock Producers' Association, Chicago, handled over 4,800,000 head of livestock, valued at \$126,400,000, in 1925. Market expenses paid by the sales agencies amounted to \$5,483,669 and the earnings for the ten agencies which made earnings, less the losses for the four agencies which had losses, were \$213,000.

The livestock came from 27 states and Canada. The five states making the largest consignments in car loads were as follows: Illinois, 19,481 car loads; Indiana, 13,278; Iowa, 9,499; Ohio, 7,401; Missouri, 6,925.

Detailed information regarding the activities of the Producers' organizations on the various terminal markets, has been compiled from the recently issued report for 1925 and from the reports for the preceding two years. The first of the 13 Producers' sales agencies was established on the East St. Louis market on January 2, 1922, and the last on the Cincinnati market February 10, 1925.

The total number of cars handled was 67,027, which figure includes truck and boat receipts in terms of car loads. Over one-half of the total business was transacted by the agencies operating upon the Chicago, East St. Louis and Indianapolis markets. Detailed figures are as follows:

Market	Producers		1925 business			
	began	business	No. cars handled/a	No. of animals	Sales and purchases	Earnings
E. St. Louis	Jan. 2/22		12,991	901,237	\$23,334,334	\$56,170
Indianapolis	May 15/22		10,462	708,573	19,184,880	46,853
Chicago	June 19/22		17,071	1,192,364	33,000,000	63,209
Peoria	June 25/22		2,695	182,207	4,991,881	20,113
East Buffalo	Nov. 1/22		3,939	485,234	10,678,832	13,574
Fort Worth	Nov. 1/22		3,555	151,575	3,903,219	233
Kansas City/c	Mar. 5/23		5,660	187,137	6,194,766	15,210
Cleveland	May 15/23		3,353	338,671	7,202,899	3,296
Sioux City	Mar. 15/24		3,517	222,313	6,557,550	3,789
Sioux Falls/d	-----		33	2,356	59,787	211
Okla. City/c	July 2/23		238	12,634	361,401	2,414
Evansville	Sept. 1/23		1,474	91,225	2,349,643	4,176
Pittsburgh	Oct. 15/23		1,891	203,143	4,500,037	52
Cincinnati	Feb. 10/25		2,148	166,019	4,155,018	19,898
Total			67,027	4,849,718	\$126,474,297	213,062

/a Including truck and river consignments estimated in terms of car loads.

/b Loss.

/c Producers subject to a boycott a portion of the year.

/d Operated for four months as branch of Sioux City.

The development of the Producers' business is indicated by the following figures regarding number of animals sold during the several years for which data are available:

Year	Cattle	Calves	Hogs	Sheep	Total
1923	408,733	276,487	3,793,709	421,724	4,900,653
1924	526,521	429,828	4,784,974	658,634	6,399,957
1925	399,383	344,480	3,275,847	614,386	4,634,096

The greater part of the business of the Producers' organization is the selling of livestock consigned to the several agencies. A few animals are bought for farmers desiring stockers and feeders. Below are given the number of cars bought and sold by years and the total value of the animals:

Year	Number of cars	Sales and purchases
1922	18,590	\$ 26,688,363
1923	72,255	91,568,957
1924	<u>/a</u> 93,742	<u>/a</u> 122,728,193
1925	71,144	126,524,313

/a Including Central Cooperative Commission,
St. Paul, for nine months.

The reduction in volume of business in 1925, as measured in number of animals and car loads, was because of reduced receipts at the various livestock markets; and the increase in volume of business as measured in dollars was because of higher price levels in the latter year.

In addition to business noted above the Producer agencies in 1925 directed the movement of 69,000 feeder lambs direct from range to feed lots.

During the four years that the Producers associations have been functioning they have handled over 250,000 car loads of livestock which have been sold for about \$370,000,000. Earnings for the four years amount to over \$1,000,000. Operating expense is becoming a larger factor in the cost of terminal livestock marketing and transportation charges are becoming a smaller factor, according to the data published for the three years, 1923-25. The percentage distribution of the expenses is given as follows:

Expense	1923	1924	1925
	(Per cent)	(Per cent)	(Per cent)
Freight and trucking	63.0	61.3	59.4
Operating	15.1	15.2	18.1
Yardage	12.2	12.2	11.7
Feed	9.7	10.8	10.8
Total	100.0	100.0	100.0

IOWA COOPERATIVE SHIPPERS INCREASES MEMBERSHIP

Fourteen livestock shipping associations have recently joined the Iowa Cooperative Live Stock Shippers, according to a report of the secretary of that association.

Of the 638 associations reporting to the Iowa State College, 167 are members of the state association. The report also shows that the number of new members acquired the first four months of 1926 was almost as large as that for the entire year of 1925. Eleven of these associations have had their members sign membership agreements.

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OHIO MEN TO STUDY LIVESTOCK TRANSPORTATION

In order to gain a better understanding of the channels through which livestock moves on the way to market, a number of leaders of co-operative marketing enterprises and extension specialists of the Ohio State University are planning a trip on a livestock train. Leaving Columbus, June 2, they will visit and inspect the stockyards at Springfield, Bellefontaine and Cleveland. At the last named City they will also visit the packing plants and the railroad car shops. Through all the trip they will watch the loading and unloading of stock and the making up of trains. The entire trip is planned for the purpose of studying the handling of livestock through local yards to terminals with particular reference to transportation and loss prevention.

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LIVESTOCK POOL BEING FORMED IN SASKATCHEWAN

Plans have been matured for the organization of the Saskatchewan Livestock Cooperative Marketing Association, Regina, Canada, which is to be a province-wide association of the centralized type, with a marketing agreement. It is being formed without capital stock, with a membership fee of two dollars, and with locals which will be the agents of the provincial association, and will perform such functions as may be delegated to them by the provincial association. Local associations will have their own by-laws, and their own officers.

The objects of the association are "to undertake and carry on the business of collecting, receiving, taking delivery of, handling, feeding, fattening, finishing, slaughtering, storing, transporting, grading, selling, and marketing, or otherwise disposing of livestock and any of the by-products thereof to act as agent, broker, factor, or attorney for its members, or any of them, or for others engaged in the same or any similar business, to produce, buy, acquire, kill, prepare for market, manufacture, handle or sell any livestock."

The association will not begin functioning as a marketing enterprise until contracts covering 1,000 cars of livestock have been signed.

FIFTH YEAR COMPLETED BY PACIFIC WOOL GROWERS

In reviewing the activities of the Pacific Cooperative Wool Growers, Portland, Ore., the general manager of the association in his annual report, issued under date of May 1, 1926, says in part: "The time is approaching when the association must select its membership, based on the excellence of their wool product. It can not continue to receive, as a court of last resort, undesirable clips which have been repeatedly passed up in the country. Our reputation with mills is built on the principle that we are a regular source of supply for good wools, properly graded, properly processed, and honestly packed."

The association began receiving wool in 1921. During the five years that it has been functioning it has sold nearly 15,000,000 pounds of wool. The quantities sold during the different seasons, according to the report of the general manager, were as follows: 1921-22, 1,500,028 pounds; 1922-23, 1,149,892 pounds; 1923-24, 1,882,410 pounds; 1924-25, 3,386,772 pounds; 1925-26, 6,097,159 pounds.

Total receipts of wool and mohair of the 1925 clip amounted to 6,245,795 pounds. Fifty-eight per cent of the total quantity was received at the Portland warehouse and the rest at the San Francisco warehouse. During the fall of 1925 and the early winter of 1926 the wools delivered to the association were shipped to Boston where they were sold as rapidly as the market could absorb them. On May 1 of this year the unsold wools amounted to only about 89,000 pounds of scoured wool and 80,000 pounds of wool in the grease.

Eighty-five per cent of the wool was sold to manufacturers and 15 per cent to dealers. Sales were made to 41 mills, including 25 new customers. There were 417 separate sales.

The 1925 clip was handled in 11 major pools. These pools varied from less than 100,000 pounds to 500,000 pounds. Average prices f.o.b. warehouses, Portland and San Francisco, grease basis, ranged from 32 cents to 46.64 cents a pound. The association's handling charges were 2.68 cents a pound, which amount was deducted from the average price in making settlement with growers.

The mohair pool contained 119,740 pounds. The average price per pound was 58.26 cents, and the net price to growers, f.o.b. warehouse, was 54.51 cents.

Up to April 16, 1926, 1,477 growers owning 501,368 sheep, had signed the new contract for the second marketing period. The number of members credited to each of the several states and the number of sheep reported, were as follows: Oregon, 942 members and 263,154 sheep; California, 142 members with 120,278 sheep; Nevada, 42 members with 61,774 sheep; Washington, 189 members with 37,179 sheep; Idaho, 137 members with 16,661 sheep.

The association also has members in Alaska, Minnesota, Montana, Nebraska, Utah, Arizona, and Colorado.

POULTRY COOPERATIVES START OPERATIONS IN NEBRASKA

The recently formed Triangle Cooperative Egg and Poultry Association, McCook, Nebr., made its first shipment on May 1. Three hundred fifty-seven cases of eggs, including 52 cases of U. S. Extras, were shipped to New York City. A second car load of eggs was shipped to the same market on May 18. This association has adopted the grades for eggs established by the U. S. Department of Agriculture.

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A DEFERRED PAYMENT FOR WASHINGTON EGG PRODUCERS

A deferred payment of \$73,407 was made by the Washington Cooperative Egg and Poultry Association, Seattle, under date of May 10. This was an additional return to producers of 13.814 cents a case or .4607 cents a dozen.

In sending the checks for deferred payment to the producers, attention was called by the management to the facts that as a result of the activities of the association during 1925, members had been paid an 8 per cent dividend on outstanding capital stock, and had received a preferred stock refund on feed purchases amounting to \$162,150. Furthermore, common stock to the amount of \$84,959 had been retired.

During the year the association retailed to the membership 59,351 tons of feed, equal to 2,000 car loads; it marketed for its members, 530,090-1/2 cases of eggs, equal to 1,060 car loads; and 1,280,000 pounds of poultry.

In commenting upon the business handled by the poultry department the management stated that it had earned \$10,000 in the past two years and that if the members would give it their whole-hearted support there was no reason why a satisfactory deferred credit could not be accumulated. The department is prepared to fatten, dress and market poultry.

In the opinion of the management, "the association is a mighty factor in stabilizing the markets. It takes off the market the surplus production during the flush of the season. By means of rigid candling and grading rules it popularizes this Northwestern product and secures for its members a premium price. It opens the markets of the populous districts of the East and brings to the poultryman's door the consumptive demand of the large cities. His product becomes nationally known by reason of being marketed under a single trademark."

The membership of the association has increased from 2,800 members in 1922 to 5,697 members in May of 1926. The average monthly gain in 1924 was 66; in 1925 it was 95; and for the first five months of 1926 the gain has been at the rate of 118 new members a month. Although organized only in 1917 this association is now handling a business which amounts to over \$10,000,000 a year.

From January 1 to May 9, 1925, the association received 187,148 cases of eggs from its members; to May 3 of this year, 262,457 cases, an increase of over 40 per cent.

(See Agricultural Cooperation, Apr. 14, 1925, p. 150; March 1, 1926, p. 99.)

MINNESOTA CREAMERY FEDERATION IS GROWING

Twenty creameries, 16 in Minnesota, 3 in Wisconsin and 1 in Michigan, were recently added to the membership roll of the Land O'Lakes Creameries, Inc., Minneapolis. The total number of member-units is now 462.

The first boat loaded with Land O'Lakes butter the present season left Duluth on May 8. Last year the equivalent of 1,100 car loads of butter was shipped to Eastern markets by boat.

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IDAHO CREAMERY PROGRESSING

Approximately \$500,000 was paid to producers by the Dairymen's Cooperative Creamery of Boise Valley, Caldwell, Idaho, the past year, according to a recent report from the association.

This association celebrated its first anniversary on May 15. At the beginning of operations a \$20,000 butter manufacturing plant was built with modern machinery of sufficient capacity to produce 300,000 pounds of butter a month. After a year, this capacity was doubled. Several thousand dollars have been spent recently in adding floor space, ice cream equipment, ice manufacturing apparatus, motor driven pasteurizers of 300 gallons capacity, and a churn that turns out 1,200 pounds of butter every two hours. New refrigerating apparatus is capable of producing 50,000 pounds of ice a day.

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SASKATCHEWAN CREAMERIES GAINING ON DEFICIT

Net margins of \$15,727 are reported by the Saskatchewan Cooperative Creameries Ltd., Regina, for the year ending December 31, 1925. Net worth at the close of the year was \$225,245 compared with \$206,999 at the close of the previous year.

About 2,000,000 pounds more butter was made during 1925 than during the preceding year. There was also a substantial increase in the ice cream business for 1925. Cheese making proved a success at the Regina plant, a variety of cheeses being manufactured. Eggs and poultry were handled, and a general storing business was done by the several storage plants operated by the association. Outlets for the products of the association were found in Europe, Eastern America, British Columbia and the Orient.

Three of the local creameries were destroyed by fire in 1925, two of which are being rebuilt. A complete appraisal was secured of all the buildings and equipment of the association.

It is the belief that the deficit of over \$146,000 existing at the close of 1924 will be wiped out in another year or two.

(See Agricultural Cooperation, December 15, 1924, p. 413; March 30, 1924, p. 131.)

ADJUSTMENT ADVANCE FOR COLORADO WHEAT GROWERS

A fourth payment was made to members of the Colorado Wheat Growers Association, Denver, early in May. This was an adjustment advance to bring all pool members to an equal basis after taking into account grade and freight differentials, preparatory to the final settlement and closing of the year's business. The advance amounted to \$40,000. Prior to this payment, members had received \$1.10, basis No. 1. Final returns will be made as soon as possible after the closing of the pool.

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SOUTHWEST WHEAT POOL TO BEGIN OPERATIONS IN JUNE

Wheat harvest will begin in June in Oklahoma and members of the Oklahoma Wheat Growers' Association will begin hauling their grain to the joint Oklahoma-Kansas-Colorado-Nebraska pool, known as the Southwest Wheat Growers Associated. It is expected that the pool will handle 20,000,000 bushels of grain this season.

The Southwest Wheat Growers Associated has been in process of formation during the past two months. Practically all the details have been arranged and the new agency will be ready to receive wheat from the state associations as soon as the 1926 crop is ready for delivery.

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EQUITY GRAIN COMPANY PLANNING FOR EXPANSION

May 18 was the date of the tenth annual meeting of the Equity Union Grain Company, Kansas City, Mo. The annual statement showed that 2,575 cars of grain were handled during the year, compared with 2,984 in 1924, and 3,033 in 1923. This was called "a mighty good showing for the company" considering the short crop of last year. The management reports that the company handled a much larger percentage of the total grain going to the Kansas City market than in the previous year.

Income for the year, largely from commissions, amounted to \$62,858 and total expenses to \$42,579, leaving a net profit of \$20,278. Payroll and traveling expense were the two large items of expense, the former being \$23,738, and the latter, \$4,865. Capital and surplus amounted to \$131,805. During the year dividends were paid to the amount of \$11,250 and an employees' bonus of \$3,500.

A dividend of 15 per cent on capital stock was voted by the members attending the annual meeting. The balance of net profit was carried to surplus.

The matter of increasing the capital stock was considered and the directors were authorized to proceed with the legal steps necessary to increase the same to \$150,000, double the present capitalization.

VIRGINIA COURT ENFORCES COOPERATIVE CONTRACT

On March 18, 1926, the Supreme Court of Appeals of Virginia decided the case of Elmore v. Maryland & Virginia Milk Producers' Association, Inc., 132 S. E. 521, in favor of the association. The association brought suit for the purpose of restraining the defendant from violating his contract under which he appointed the association "his sole sales agent during the life of the contract" for the marketing of his milk and cream. Under the terms of the marketing contract the defendant agreed to execute and did execute an order directing the dealer in milk to whom his milk was delivered to pay the proceeds thereof to the association. But subsequently the association agreed to allow the milk dealer to whom defendant delivered his milk to pay the purchase price directly to him upon condition that he would give the association an order, which was never executed, on the dealer "for brokerage and other expenses to be deducted from the gross proceeds of the milk delivered by him" to the dealer, as the association from time to time should ascertain to be properly deductible from all its members under the provisions of its contract. The defendant and the dealer, however, refused and failed to pay the association for the milk of the defendant or to pay it its proper brokerage charges and other authorized deductions. Thereupon, the association directed the defendant to cease delivering milk to the dealer and to ship all of his milk direct to the association's plant in Washington, D. C. The defendant ignored the direction and continued to ship all his milk to the dealer and to collect all the purchase price therefor. The lower court enjoined the defendant from selling or delivering, or shipping any milk produced on his farm other than to the association or to some consignee designated by the association. On appeal the court said "after a careful scrutiny of the pleadings that the real and only issue raised by the plea, the answer and the amended answer was whether the contract was ever legally delivered to the complainant." The defendant testified that at the time he signed the marketing contract, it was agreed that the contract should be placed in a bank and that it should not become effective until he advised accordingly. The president of the association, who obtained the signature of the defendant to the contract, testified that there was no such understanding. In commenting upon this conflict in the testimony the court said:

The statement of respondent is not in accord with common sense or reason. There could have been no good reason or no good purpose served by securing respondent's signature to the contract and then placing it in the bank until respondent said it should become effective. At least, the parties were not getting anywhere by indulging in such a proceeding.

If the contract which respondent has signed was not to become effective until he thereafter assented to it orally, then all he did was a nullity. That sensible men should waste their time so futilely taxes the credulity of a court.

The court also attached significance to the fact that the defendant had executed what the court described as an accomodation note to the association for \$220 to be used by the association for purposes specified therein; and also called attention to the fact that the contract contained a provision which excluded any understandings other than those set forth in the contract and other documents pertaining to the association.

L. S. Hulbert

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STATUS OF LIMITATION IN CHARTER OF INDEBTEDNESS

What is the status of a limitation in the charter or articles of incorporation of a cooperative association with respect to the amount of indebtedness which the cooperative association may incur? The common law places no limit upon the amount of indebtedness which a corporation may incur. It may borrow more money than the amount of the capital stock, *Union Bank v. Laird*, 2 Wheat. 390. Statutes however, providing for the incorporation of corporations frequently authorize the inclusion in the articles of incorporation of a provision restricting the amount of indebtedness which the corporation or association may incur. The articles of incorporation of the Farmers' Union Cooperative Association of Bradshaw, Nebraska, "fixed the highest amount of indebtedness or liability, to which the corporation should at any time be subject, at a sum not in excess of two-thirds of the paid-up capital stock" which was \$11,600. In order to provide funds for the carrying on of the business of the association its directors executed their accommodation notes for \$69,500, and by this means obtained money from various banks for the benefit of the corporation. Some dissatisfaction among the stockholders arose and a new board of directors was elected. "The old directors declined to surrender the management until they were relieved from liability upon their accommodation notes. Thereupon, the new directors executed promissory notes to the several banks for the aggregate sum of \$69,500, and with these notes paid and discharged the accommodation notes of the old directors." This occurred in 1920. In 1921 the corporation was found to be insolvent and a committee of the stockholders sold the tangible assets of the corporation and discharged its liabilities to the extent of the proceeds arising from the sale. Upon the completion of this work it was found that there still remained due upon the accommodation notes signed by the new directors the sum of \$29,595.98. The directors paid the notes and assigned their claims against the corporation to one Simmons who then brought suit against the corporation to recover the amount involved. No claim was made that Simmons took the notes in good faith or as a holder in due course. The cooperative association did not answer the suit but certain of its stockholders intervened and denied that the corporation was liable on the ground that the indebtedness sued upon was incurred in excess of the statutory and charter limit of two-thirds of the paid-up capital stock of the corporation, and that, as to such excess, the indebtedness was ultra vires of the corporation.

The trial court decided in favor of the plaintiff and the intervening stockholders appealed. The Supreme Court Of Nebraska, 208 N.W. 144, affirmed the judgment of the lower court and in doing so said in part:

In the instant case, the defendant, pursuant to the contract, has received, used in its business and still retains the proceeds of the loans made by its directors. Since the identical money cannot be identified and recovered, the defendant should be required to make compensation to the extent of the benefits that it received. It may be urged that in this case the proceeds of the loan were invested in the business and lost, but the right to interpose ultra vires as a defense does not depend upon whether the corporation has made a provident or improvident use of the property or money which it obtained by the illegal contract. The right of recovery depends upon the receipt and retention of benefits under or by virtue of the ultra vires contract.

It does not appear from a reading of the opinion that the shareholders of the corporation in any way authorized or ratified the execution of the accommodation notes by the directors and the acquisition of money thereby. Attention is called to the fact that in the instant case the excess indebtedness in question was incurred by the directors of the corporation who made themselves creditors of the corporation and of course they were fully aware of the restrictions on the amount of indebtedness which the association might incur. It would be difficult to conceive of a case in which the restriction on the indebtedness which an association might incur would be given effect if it would not be in a case like the one under discussion. In most cases generally similar to the one under discussion, the plaintiff extended credit in good faith to the corporation without being aware of the restrictions on the amount of indebtedness which the corporation might incur. The general rule in such cases is that the corporation is liable for debts incurred in excess of the amount which it is authorized to incur, *Central Transportation Co. v. Pullman Car Co.*, 139 U. S. 24; *Grand Valley Water Users' Association v. Zunbrunn*, 272 Fed. 943; *Weber v. Spokane Nat. Bank*, 64 Fed. 208; *Juskin v. Plain Dealer Pub. Co.*, (Iowa) 165 N. W. 339; *Owen-Hartzell Co. v. Montevideo Farmers' & Merchants' Elevator Co.* (Minn.) 206 N. W. 646,

Attention is called to the fact that the officers and directors of a corporation are generally held to be liable for any damages which result to the corporation from the fact that they violate restrictions on the amount of indebtedness which the corporation may incur. In the Minnesota case of *Fergus Falls Woolen Mills Co. v. Boyum*, 136 Minn. 411, 162 N. W. 516, the articles of incorporation limited the indebtedness which the corporation might incur to half the amount of the capital stock actually paid in. The manager, who was also a large stockholder, contracted debts in excess of this amount. It was claimed that the corporation suffered a loss by reason of the excess indebtedness and it brought suit against the manager to recover the amount of the loss which it claimed it had sustained, and recovered a judgment against him for \$3,000.

L. S. Hulbert

IOWA SERVICE COMPANY DOES BIG BUSINESS

Two hundred fifty car loads of farm commodities have been handled for members since November, 1925, by the Farmers' Union Service Association, Des Moines, Iowa. These goods have been sold to the farmers at practically factory prices. Sales for the period amounted to approximately \$250,000, which was nearly \$100,000 more than last year. Saving on binder twine alone is estimated at more than \$20,000, using store prices and Service Company's prices for the same grade as a basis for computation. Goods handled include flour, feed, coal, salt, oil, grease, fence posts, farm machinery, and other articles. About 500 farmers have become members and taken advantage of the services of the company. The week of May 17-22 was to be given to an effort to secure new members. A membership fee of \$5 provides capital. In addition to furnishing standard farm merchandise at low prices the Service Association also pays patronage dividends.

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SURPLUS FOR CONNECTICUT VALLEY HAIL INSURANCE COMPANY

As a result of favorable weather conditions during 1925, the Connecticut Valley Mutual Hail Insurance Company, Hartford, Conn., accumulated a surplus of a quarter million dollars from its first year's operations. This company is a subsidiary of the Connecticut Valley Tobacco Association. Previous to last year the Connecticut Valley Tobacco Association arranged for hail insurance on the tobacco crop with a pool of commercial companies.

The first annual meeting of the Hail Insurance Company was held April 21, with about 35 policy holders present; all directors were re-elected. The financial statement showed a premium income from 14,918 acres amounting to \$372,959. As hail losses adjusted came to only \$106,313, the total amount of excess premiums over losses was \$266,645. Operating expenses amounted to \$3,637, leaving a net surplus of \$263,008. The largest item of expense was for salaries of hail adjusters, clerks, and miscellaneous, amounting to approximately \$3,000. Cost of operating amounted to a trifle less than 25 cents per acre.

With this surplus of over a quarter of a million dollars the Hail Insurance Company is in a much better position to stand larger losses this coming season and settle adjustments promptly. It will operate this year entirely separate from the Tobacco Association, which it could not do last year as it had no capital. Individual policies will be issued to growers.

A dividend has been declared payable to members who had policies last year, "at the rate of \$5 per acre reduction in premiums on policies taken, during 1925, 1926 and 1927, the amount of the dividend available in each case being the number of acres insured in 1925 times \$5." The rate for this year has been set at \$30 per acre, payable as of March 1, 1927. If paid in cash at time of application a discount of \$2 will be allowed on this rate. The coverage is \$300 per acre as last year.

REPORTED BY THE ASSOCIATIONS

Plans are being made by the management of the North Dakota Wheat Growers' Association, Grand Forks, to furnish marketing service to wheat growers in Montana. Separate pools will be maintained for the North Dakota and Montana growers.

The membership books of the Sovega Melon Growers' Association, Adel, Ga., are to be closed during the shipping season. According to the present plan the books of each local are to be closed to new members the day the first car of melons is shipped from that local.

A membership campaign is being conducted by the New England Milk Producers' Association, Boston, Mass. It is planned that several thousand dairy farmers shall be visited by the field forces and given a cordial invitation to become members of the organization which is working for the benefit of all dairy farmers.

More than 1,300,000 pounds of tobacco belonging to members of the Connecticut Valley Tobacco Association, Hartford, Conn., was destroyed by fire on April 10, when a warehouse operated by the association at East Hartford burned to the ground. The warehouse contained nearly 3,900 cases of 1924 and 1925 tobacco valued at \$600,000.

At the fifth annual meeting of the Pittsburgh District Dairy Council, held April 30, it was reported that milk consumption in the district had increased fully 25 per cent since the Council began its work, while "even of greater value has been the good will of the consumers which has been developed." The budget of \$82,000 for the current year is to be devoted to better milk and a better appreciation of it by the public.

Certain proposed amendments to the by-laws of the Indiana Wheat Growers' Association are being referred to the membership for decision. The first proposition is to change the name of the organization to "Central States Soft Wheat Growers' Association," in order to make the name representative of the territory served. The second change provides for representation of members in other states than Indiana on the board of directors in the same proportion that Indiana members are represented.

The Cape County Cooperative Livestock Shipping Association of Cape Girardeau County, Mo., has grown in less than four years to a membership of 750. The first shipments were made in the fall of 1922 when 18 cars were shipped from September to November 30, and the membership grew from none to 80. Jackson is the largest shipping point in the county and from this point alone 152 cars were shipped in 1925, with a market value of \$228,822. Only members of the county farm bureau are entitled to belong to the shipping association.

SELECTED LIST OF PUBLICATIONS AND ARTICLES

- California Fruit Growers' Exchange. Division of the Consumer Dollar Paid for Oranges: Careful Statistical Study Over Period of Twelve Years Shows What Becomes of Consumers' Dollar. In The California Citrograph, Los Angeles, June 1926, p. 293.
- Erskine, Ralph. A Western Cooperative. In Hoard's Dairyman, May 25, 1926, p. 576.
- Mask, H. H. B. The Group Leader in Field Service and the Qualities He Should Have: Question of Proper Contact with Membership, and Membership with the Association, Most Vital. In Wheat Growers' Journal, Wichita, May 18, 1926, p. 11.
- Myers, W. I. Some Principles of Successful Cooperation. In Cornell Countryman, Ithaca, N. Y., March 1926, p. 183.
- National Livestock Producers' Association. Annual Report, 1925. Chicago, 1926. 116 p.
- Olin, W. H. Utah's Poultry Marketing Association a Winner. In Western Farm Life, Denver, May 1, 1926, p. 3.
- Ponsford, Arthur. Cooperation--From the Attorney's Viewpoint. In The Wheat Grower, Grand Forks, May 15, 1926, p. 7.
- Powell, H. Clark. The Cooperative Organization of Agriculture. 28 p. Bul. No. 7, Transvaal University College, Pretoria, South Africa.
- Ruston, Arthur G. A Welsh Farmers' Cooperative Society: An Interesting Venture. In Journal of the Ministry of Agriculture, London, March 1926, p. 1078-1089.

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NEBRASKA WHEAT GROWER ISSUES INTERNATIONAL NUMBER

The May 15 issue of the Nebraska Wheat Grower, Hastings, Nebr., is designated the "International Number." It includes separate articles about the wheat pools of Canada, Australia, Kansas, North Dakota, South Dakota, Minnesota, Texas, Colorado, Nebraska, Indiana, and Oklahoma, nearly all of which were prepared by officers of the organizations described. A compilation of statistics and other information is entitled "Some Hot Shot From Ten Wheat Pools." Illustrations show three huge terminal elevators, the Canadian Pool's terminal elevator at Fort William, the terminal elevator at Leavenworth, Kansas, and the new pool elevator at Kansas City.

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